

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

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4 In re )  
 )  
5 CELSIUS NETWORK LLC, )  
et al., ) Case No.  
6 ) 22-10964 (MG)  
Debtor. )  
7 )

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10

\*\* CONFIDENTIAL \*\*

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VIDEO RECORDED EXAMINATION OF

14

OREN BLONSTEIN

15

16

TAKEN ON

17

TUESDAY, NOVEMBER 22, 2022

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22

CERTIFIED STENOGRAPHER:

23

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24

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JOB NO.: 872582

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VIDEO RECORDED EXAMINATION of OREN  
BLONSTEIN, taken before JESSICA R. WAACK,  
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Lexington Avenue, New York, New York, on  
Tuesday, November 22, 2022, commencing at  
9:51 a.m. and concluding at 7:04 p.m.

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WITNESS: OREN BLONSTEIN

Tuesday, November 22, 2022

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\*\* All exhibits were attached to the  
original transcript \*\*

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PROCEEDINGS

November 22, 2022, 9:51 a.m.

New York, New York

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THE VIDEOGRAPHER: Good morning,  
everyone. We are now on the record.

My name is Kevin-Scott van Vlijmen.

I'm the videographer retained by  
Lexitas.

This is a video deposition for  
the United States Bankruptcy Court,  
Southern District of New York.

Today's date is November 22 of  
2022, and the video time is 9:51 a.m.

This deposition is being held  
both remotely via Zoom as well as in  
person at Kirkland & Ellis LLP, at  
601 Lexington Avenue, New York,  
New York, 10022, in the matter of In  
Re: Celsius Network LLC, et al., Case  
No. 22-10964 (MG).

The deponent is Oren Blonstein.

All counsel will be noted on the  
stenographic record.

Our court reporter is Jessica  
Waack and will now swear in the  
witness.

\*\*\*\*\*

OREN BLONSTEIN, sworn  
on oath and/or affirmed, called as a  
witness herein, was examined and testified  
as follows:

\*\*\*\*\*

THE VIDEOGRAPHER: You may  
proceed.

MS. BRIER: At the outset, I'm  
just going to designate this transcript  
as confidential -- the entire  
transcript as confidential.

ZOOM PARTICIPANT: On Zoom, you  
can't [inaudible] do that?

MS. BRIER: You can't hear us?

THE STENOGRAPHER: I think  
someone just wasn't muted.

ZOOM PARTICIPANT: You are  
currently muted.

THE STENOGRAPHER: Can we go off  
the record?

THE VIDEOGRAPHER: Yes. All

1 A. I see.

2 Q. So would you acknowledge that as  
3 a deficiency in that document?

4 MS. BRIER: Objection to form.  
5 Outside the scope.

6 Mr. Blonstein, just testified  
7 he's never -- he wasn't involved and  
8 doesn't have a foundation to testify  
9 about this.

10 THE WITNESS: Yeah, I don't -- I  
11 don't have enough -- I don't have  
12 enough information about it. You  
13 know...

14 BY MR. CREWS:

15 Q. Okay. We can move on.

16 Are you familiar with USDC, the  
17 token?

18 A. Yes.

19 Q. And could you just explain for  
20 everybody what that token is?

21 A. It's a stable coin issued by  
22 Circle. It's pegged to the dollar.

23 Q. Yeah. And you mentioned earlier  
24 today that it would be a challenge to do  
25 network tracing on Ethereum; is that

1 correct?

2 MS. BRIER: Objection. Outside

3 the scope.

4 You can answer.

5 THE WITNESS: The -- so what I  
6 was saying is that it's difficult to  
7 trace the exact coin -- the exact coin  
8 that a person -- an ERC-20 that a  
9 person deposited into our platform as  
10 it moved throughout the platform in  
11 terms of -- you know, we treated them  
12 as fungible once they came into the  
13 platform.

14 BY MR. CREWS:

15 Q. Makes sense.

16 So in the UTXO, you're seeing the  
17 flow from wallet to wallet?

18 A. Exactly, yeah.

19 Q. Have you taken any steps as a  
20 company to make sure that customer deposits  
21 are going towards earning rewards for them?

22 MS. BRIER: Objection to form.

23 And objection to scope, but you can  
24 answer.

25 THE WITNESS: Sorry. Just



1 repeating...

2 So we maintain a record of coins  
3 that our customers send to us on that  
4 ledger, and then there's the coin  
5 movements.

6 You know, and -- almost  
7 regardless of what actually was going  
8 on with those tokens that they sent in,  
9 we were calculating based on the reward  
10 rate what -- what rewards were owed to  
11 them on the ledger.

12 So kind of regardless of, like,  
13 where their coin was or if -- if a  
14 particular coin that was sent -- that  
15 was sent in was actually loaned out or  
16 deployed on DeFi, that didn't really  
17 matter, because how we calculated the  
18 rate was -- or the rate that we set was  
19 used by the software that calculated  
20 the obligation to the customer on the  
21 ledger.

22 BY MR. CREWS:

23 Q. Yeah. So a customer such as  
24 myself, we could see the obligation that  
25 we're owed, but in order for the reward to

1 be useful, Celsius would presumably have to  
2 be actually using our deposit to actually  
3 earn something?

4 MS. BRIER: Objection to form.  
5 Outside the scope.

6 THE WITNESS: No, no. I mean,  
7 it's the -- it's -- I was gonna make  
8 the point -- if I understood you  
9 correctly, making kind of the opposite  
10 point is that it doesn't -- you know,  
11 those coins could have sat there and  
12 not been deployed at all and we may  
13 have not generated any yield.

14 But we would have calculated --  
15 you know, the -- their interest rate  
16 would have been -- there -- an interest  
17 rate would have been set or rewards  
18 rate would have been set and the ledger  
19 would be calculating what is owed to  
20 you based on that rate.

21 So it was kind of -- you know, it  
22 was -- the activity of the coins was  
23 separate from the rewards that were  
24 paid out.

25 BY MR. CREWS: